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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

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AZ Corporation Commission  
Director Of Utilities

IN THE MATTER OF THE APPLICATION OF  
UNITED UTILITIES, INC. dba PAYSON WATER  
CO., INC. - GERONIMO SYSTEM, FOR A  
VARIANCE TO THE MORATORIUM BEING  
REQUESTED BY A POTENTIAL CUSTOMER -  
MR. ROGER ROSE.

DOCKET NO. W-01993A-04-0428

DECISION NO. 67747

ORDER

Open Meeting  
April 5 and 6, 2005  
Phoenix, Arizona

**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

**FINDINGS OF FACT**

1. On June 8, 2004, Mr. Roger Rose filed a letter with the Arizona Corporation Commission ("Commission") requesting a variance to the moratorium on new water customer hook-ups in effect for United Utilities, Inc. dba Payson Water Co., Inc. - Geronimo System ("Payson Water" or "Company"). Mr. Rose owns lot 59A in the Geronimo Estates subdivision, a housing development located approximately five miles north of Payson, Arizona, and within the service area of Payson Water's Geronimo System.

2. The moratorium on new service connections was implemented by Decision No. 57584 (October 11, 1991), which limited the former United Utilities, Inc. ("United") Geronimo System to serving no more than 60 service connections. The Geronimo System had previously been limited to no more than 45 service connections pursuant to Decision No. 52454 (September 18, 1981).

3. Decision No. 57584 directed United to submit an engineering and design study to explain the steps that would be undertaken in the Geronimo System to permanently lift the moratorium. Although United's former owner, Mr. Richard Williamson, submitted a study on

1 December 10, 1991, the Commission's Utilities Division Staff ("Staff") found that the study did not  
2 contain necessary technical data to demonstrate a sufficient availability of water to justify lifting the  
3 60 service connection limit.

4 4. Staff filed a Staff Report on November 15, 2004, recommending approval of Mr.  
5 Rose's request subject to certain monitoring requirements to be undertaken by the Company. No  
6 opposition to the Staff Report was received from Mr. Rose or the Company.

7 5. According to the Staff Report in this docket, United submitted a letter on February 8,  
8 1996 stating that the Geronimo System was serving 66 service connections as of December 1995.  
9 The letter received by Staff claimed that only 61 connections were being served by the Geronimo  
10 System and the other five customers were part of a separate system called Elusive Acres, which  
11 United asserted was not subject to the moratorium. Staff believed that the Geronimo Estates and  
12 Elusive Acres subdivisions were being served by a single water system and both subdivisions were  
13 therefore subject to the moratorium.

14 6. Staff states that it sent a letter to Mr. Williamson on March 1, 1996 informing him that  
15 the Geronimo System was in violation of the 60 connection limit. Staff directed Mr. Williamson to  
16 conduct a system monitoring study over a 12-month period and submit the results of the study. The  
17 Staff Report indicates that Staff intended to evaluate the monitoring study to determine if the  
18 moratorium could be amended. However, Mr. Williamson never submitted the required study.

19 7. In Decision No. 60972 (June 19, 1998), Brooke Utilities, Inc. ("Brooke Utilities") was  
20 authorized to acquire United from Richard Williamson, and United was organized into three  
21 operating companies: Payson Water Company; Strawberry Water Co., Inc.; and Tonto Basin Water  
22 Co., Inc. Payson Water serves the Geronimo Estates subdivision where Mr. Rose seeks to initiate  
23 service.

24 8. As of the date of the Staff Report, the water monitoring study requested in 1996 had  
25 not been submitted. According to Staff, Payson Water was not aware of the 1996 letter from Staff  
26 because the transfer of ownership from United to Brooke Utilities/Payson Water was in the process at  
27 that time. In response to data requests in this proceeding, Payson Water submitted Water Use Data  
28 Sheets for the Geronimo System (Attach. A to Staff Report) showing 68 service connections and 73

1 active accounts<sup>1</sup>, and a "Consumption by Customer" spreadsheet.

2       9. Staff indicates that the Geronimo System consists of two wells, one producing 10  
3 gallons per minute ("GPM") and another producing 6 GPM; a 15,000 gallon storage tank; and a  
4 distribution system serving 68 service connections. Staff states that it evaluated the Company's  
5 Water Use Data Sheets for the prior 24 months and the Consumption by Customer spreadsheet for the  
6 prior 12 months. Staff concluded that the data shows the Geronimo System could adequately serve  
7 up to 88 service connections during the peak month.

8       10. Although the Company initially took the position that no additional connections  
9 should be permitted on the Geronimo System due to lack of water resources, it later submitted a letter  
10 indicating that it would "endeavor to accommodate Mr. Rose's request to the extent it is approved  
11 and accepted by the ACC" (Brooke Utilities letter filed September 21, 2004).

12       11. According to Staff, an October 29, 2004 compliance report from the Arizona  
13 Department of Environmental Quality ("ADEQ") states that Payson Water's Geronimo System (PWS  
14 No. 04-028) is currently delivering water that meets the water quality standards required by ADEQ  
15 rules and regulations.

16       12. Based on its review, Staff recommends that Mr. Rose's request for a variance to the  
17 current Geronimo System moratorium be granted and Payson Water be authorized to initiate service  
18 to Lot 59A in the Geronimo Estates subdivision. Although Staff found that the data provided by the  
19 Company appears to support the conclusion that the Geronimo System could serve up to 88 service  
20 connections, Staff recommends that no additional connections be added until the Company conducts  
21 a system monitoring exercise for 12 months following issuance of a Decision in this docket, and  
22 submit to Staff the following data based on that study: monthly static water levels from both wells;  
23 number of gallons pumped per month from each well; number of gallons sold per month; and number  
24 of active and inactive connections per month. Staff further recommends that the system monitoring  
25 report should be filed with Docket Control within 30 days following completion of the monitoring  
26 exercise and that no new service connections be permitted on the Geronimo System until the data is

27 \_\_\_\_\_  
28 <sup>1</sup> The data provided to Staff shows that, during the peak usage month, the Geronimo System had 73 active accounts – 61  
accounts that used water and 12 accounts that had no usage (Staff Report at 3).

1 received and reviewed by Staff, and an Order is issued by the Commission allowing additional  
2 service connections (Staff Report at 4).

3 13. We believe Staff's recommendations are reasonable and should be approved. Based  
4 on the best information currently available, it appears that Payson Water's Geronimo System has  
5 sufficient resources available to add an additional service connection to Mr. Rose's lot. We also  
6 agree with Staff that it is prudent to direct the Company to undertake an additional system monitoring  
7 analysis prior to authorizing additional connections on the system, unless otherwise ordered by the  
8 Commission.

### 9 CONCLUSIONS OF LAW

10 1. Payson Water is a public service corporation within the meaning of Article XV of the  
11 Arizona Constitution and A.R.S. §§40-201, 40-202, and 40-203.

12 2. The Commission has jurisdiction over Payson Water and the subject matter of the  
13 application.

14 3. Modification of the moratorium on additional service connections for Payson Water's  
15 Geronimo System, to allow one additional connection at this time, is reasonable and in the public  
16 interest under the facts and circumstances presented herein.

17 4. Staff's recommendation to require Payson Water to undertake an additional system  
18 monitoring analysis of the Geronimo System prior to authorization by the Commission of additional  
19 service connections is reasonable and should be adopted.

### 20 ORDER

21 IT IS THEREFORE ORDERED that Payson Water Co., Inc. is hereby authorized to provide a  
22 service connection to Lot 59A in the Geronimo Estates subdivision conditioned on compliance with  
23 the recommendations set forth in the Staff Report.

24 IT IS FURTHER ORDERED that Payson Water Co., Inc. is directed to conduct a system  
25 monitoring exercise for 12 months following the effective date of this Decision and submit the  
26 following data based on that study: monthly static water levels from both wells; number of gallons  
27 pumped per month from each well; number of gallons sold per month; and number of active and  
28 inactive connections per month. The system monitoring report shall be filed with Docket Control

within 30 days following completion of the monitoring exercise.

IT IS FURTHER ORDERED that no additional new service connections shall be permitted on the Geronimo System until the data is received and reviewed by Staff, and an Order is issued by the Commission allowing additional service connections, unless otherwise ordered by the Commission.

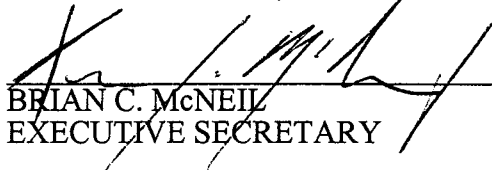
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

 CHAIRMAN  COMMISSIONER  COMMISSIONER

 COMMISSIONER  COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 14<sup>th</sup> day of April, 2005.

  
BRIAN C. McNEIL  
EXECUTIVE SECRETARY

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

DDN:mj

1 SERVICE LIST FOR:

PAYSON WATER CO., INC. - GERONIMO SYSTEM

2  
3 DOCKET NO.:

W-01993A-04-0428

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